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RESTORING THE GOOD NEIGHBOR POLICY

By Richard Pattee

At a moment when the European picture is so gloomy it is encouraging to realize that relations between the United States and Argentina have taken a distinct turn for the better. The somber diagnosis necessary a few months ago has given way to reasonable hope for restoration of Pan-American unity.

Prior to the pronouncement of President Truman in Mexico City on March 3, two events had contributed to clarifying the atmosphere. The first was purely negative. For some eight months, preceding Mr. Truman's important Mexican trip, the United States Government, officially, kept its mouth shut and did not indulge in denunciation of the Peron Government in Buenos Aires. This silence had an extraordinarily healing effect.

It removed the verbal irritants that were doing so much damage to our relations with the Argentine. It gave time to forget some of the more unpleasant things that had been said during the period before the election of General Peron to the Presidency. It took the edge off the violence and bitterness of official American utterances that had been crescendoing over two years to reach unbelievable heights in the Department of State "Blue Book" of February, 1946. This document had asserted flatly and officially that "trust and confidence could not be reposed" in the Argentine Government.

The second event was a positive one: the designation of Mr. George S. Messersmith as Ambassador at Buenos Aires. This constituted a recognition not only of General Peron as the duly elected President of the Argentine, but also of the fact that nothing is quite so silly in diplomacy as to withdraw an ambassador whenever a government that one does not like comes into power. The long period during the Farrell regime when our country had no ambassador in Argentina did Argentina no harm, but hampered American interests very considerably.

Mr. Messersmith was known to the American public as a capable career diplomat who had handled thorny assignments with great skill in pre-war Vienna and Berlin. He had done a businesslike job in the Department of State as Assistant Secretary and later as chief of mission

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in Havana and Mexico City. He was given, in the assignment to Buenos Aires, what obviously was one of the most difficult and challenging responsibilities anywhere. And, without fanfare or the sound of trumpets, he turned in a first-rate performance.

It is not without significance that the American press recently carried photographs of the United States Ambassador leaving the Buenos Aires airport in the company of President Peron. This is a far cry from the turbulent days when every United States move was to snipe at Argentina as contaminated with the virus of Nazism and Fascism.

II

Fortunately the statement of President Truman in Mexico City on March 3, if interpreted correctly, gives full support to the position that Mr. Messersmith has taken.

The President's pronouncement on Latin-American relations was no mere reiteration of the pious hope that governments will mind their own business and not mess about in the light of the "new interventionism" that was preached by certain officials of the Department of State, notable among them Mr. Spruille Braden. In an address that was not given as wide publicity as it deserved, Mr. Braden delivered himself, on December 18, 1945, of some political views that were very far-reaching in their implications. Speaking at Yale University, the Assistant Secretary of State asserted:

> "If a nation derives its sovereignty, internal and external, solely from the people of which it is composed, is a government that violates the popular will at home vested with popular sovereignty in its dealings abroad?"

In another address, delivered on December 19, 1945 to members of the American Geographical Society, Mr. Braden developed still further what he chose to call the positive aspect of non-interventionism. In this speech he stated:

> "It must be quite evident to anyone who has dealt with these problems that non-intervention cannot be negative either in concept or in practice. It is affirmative and positive by the very nature of things, since whatever we refrain from doing and whatever we refrain from saying may constitute intervention to the same degree as anything we actually do or say. We can dishonor our commitments to the cause of human freedom and to the principle of non-intervention equally by inaction as by action. If this were not so, then non-intervention would be a means of defeating the cause of freedom and encouraging the growth of tyranny."

This speech was made at a time when the suggestion of so-called collective intervention had been advanced by the Government of Uruguay.

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It should have been apparent to all that the purpose of this suggestion was to multilateralize any possible intervention. It was intended to avert the type of action that the United States was attempting single-handed in Argentina: pressure and intervention unilaterally, without much regard for the opinion of the rest of the American nations.

Mr. Sumner Welles pointed out a long time ago that the most serious aspect of the Argentine-United States imbroglio was the fact that we were meeting the situation by acting one-sidedly, without the support or approval of the rest of the hemisphere. This was the more startling because Washington had contributed so much to the creation of the excellent consultative machinery which we were failing to use effectively.

III

Dangerous possibilities lurk in Mr. Braden's idea of a "positive attitude" in the matter of intervention. They are even more apparent in his suggestion that we cannot afford to refrain from intervention because such restraint might lead to the flowering of tyranny and injustice in other countries.

In the first place there is the question of whether we propose to apply this doctrine universally. One of the really vital aspects of the Argentine question was the fact that the State Department was concentrating tremendous heat on that one country for its alleged sins, when everyone knew that all over the world situations many times as dangerous and as tragic existed and nothing was said about them. Pressure to purify Argentine politics seems absurd when a half dozen other Latin-American countries have far less expression of the popular will and far less democracy than Argentina. And it was rather illogical for the United States Government to go all out for our brand of diplomacy in Argentina, while refraining from doing more than protest in such unsavory cases as Poland, Yugoslavia and, to get back to first causes, the Soviet Union.

Non-intervention as the cornerstone of the entire American system was reasserted by President Truman in his Mexico City address, only a few days before he seemed to advocate a form of intervention in Greece and Turkey. But the inconsistency was more apparent than real.

The commitments at Chapultepec, the arrangement for hemisphere security and the formal engagements that provide for joint or collective action in the event of aggression in the hemisphere, do not in the least affect the principle of non-intervention. Common defense against a State guilty of aggressive action within the hemisphere does not constitute intervention.

Non-intervention applies primarily to respect for the integrity of national institutions against interference from outside. It seeks to avoid the very dangerous policy of attempting to dictate to other coun-

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tries, with which we are at peace, the manner in which their governments and administrations shall be chosen. It seeks to avoid the use of such weapons as recognition or non-recognition for the purpose of expressing preferences as to individuals or parties in other States.

To put it very plainly, non-intervention is aimed at creating an atmosphere or a state of mind free of the kind of suspicion our country created when it sought to follow out the unfortunate precept laid down by Mr. Woodrow Wilson in his famous Mobile speech in 1916, that we "must teach the Latin Americans to elect good presidents." Or to express the same idea in contemporary terms: We cannot afford to intervene to determine the way elections ought to go-- as we did not do in Greece but unsuccessfully tried to do in Argentina. This is intervention by any definition, and it is that type of thing that was outlawed at Montevideo in 1933, with its outlawry reaffirmed in conference after conference from that date on.

IV

Mr. Truman expressed the idea very clearly and cogently in his reply to President Aleman's address of welcome:

> "The Good Neighbor Policy specifically includes the doctrine of non-intervention. This assures each nation freedom for its own development. My country, in common with all the American Republics, pledged itself at the Conference of Montevideo in 1933 and in 1936 to observe the doctrine of non-intervention. What it means is that a strong nation does not have the right to impose its will, by reason of its strength, on a weaker nation. The whole-hearted acceptance of this doctrine by all of us [emphasis supplied] is the keystone of the inter-American system. Without it, we could not exist as a community of good neighbors."

The sense of this statement is perfectly plain. Non-intervention is the cornerstone of the whole inter-American edifice. Today co-operative action among the Republics is the remedy when a situation anywhere in the hemisphere becomes intolerable. It is equally plain that President Truman has now reasserted the essence of the Good Neighbor Policy as stated at Montevideo and as it worked for some 10 years.

So we are now returning to the salutary attitude that preceded the feuding with Argentina. We are calling an end to the dangerous subtleties and confusion implied in the suggested doctrine of collective intervention or "positive non-intervention." President Truman has come as close as one could wish to a repudiation of the things that have been done for over three years in the Argentine case. This solid endorsement of his efforts ought to make the work of Ambassador Messersmith still more effective in the months immediately ahead.

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Not Merely Gossip — A Supplement to Human Events VOL. IV, NO. 14

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By Frank C. Hanighen April 2, 1947

Dr. Mordecai Ezekiel, a prominent prophet of the New Deal and deficit spending, was one of the authors of the FAO report recommending $100 million for Greek rehabilitation, according to responsible Government sources. It is reported that the General Staff was not consulted nor informed in advance about the Administration's Greek-Turkish plan. Now there are a number of motives which probably inspired the Administration to offer this plan. But prudent observers would rather not assign more weight to one than to the others. Nevertheless, these reports are likely to increase the growing suspicion that the plan was shaped by other considerations than merely the strategic military situation in the Eastern Mediterranean.

Whatever the immediate causes of the crisis over Greece and Turkey, many will pardonably entertain doubts that this new act in our foreign policy, featuring as it does such well-known New Deal characters as Ezekiel, Paul Porter and Mark Ethridge, was inspired by a pure and unalloyed anti-Communist motivation. Observers recall how, in 1940 and 1941, most of the New Deal intellectuals were converted to the Roosevelt war policy by the lure of Government spending, in the last analysis their summum bonum.

The Truman ideas on assistance to countries threatened by Soviet Russia rather conspicuously lack the motif which runs through all of Mr. Herbert Hoover's reports on assistance to Germany and Austria (certainly two far more important areas under the shadow of Soviet aggression); namely, "to save money for the American taxpayer." Some Members of Congress wonder if the Administration has not acted too hastily in asking for an outright grant of money to Greece, instead of seeking ways and means by which it could be treated as a debt. Administration circles reject a little too summarily suggestions that the Greek credit be funded by the World Bank. It is true that the $150 million wanted for arming Greece could not be underwritten by the Bank, according to its statutes. But the remaining $100 million for "rehabilitation" seems qualified for its consideration.

Even if the whole $250 million for Greece would have to be handled as an outright gift, the Turkish matter seems to be in quite a different category. Turkey has been a good risk for international banking institutions for many years. It is believed in some circles in Washington that the Turks would welcome an offer of a long-term loan; indeed would prefer a loan for expanding its industry rather than a gift of arms. Wall Street sources say that a Turkish loan could be arranged if the Government were to guarantee it. We also learn that at least one giant American corporation would like to arrange an exchange with Turkey: its engineers would build and run a chemical plant in Turkey, in return for shipments of Turkish chrome. Whether or not such ideas could practicably be worked out, it is felt that the Administration has failed to give them sufficient consideration, and has instead resorted to the classic New Deal procedure of applying to Congress for large appropriations. It may well have been planned that way.

* * * * *

Critics of the lend-lease bill in 1941 dubbed it "lend-loose." The epithet now seems not entirely unjustified in view of a story which has come to us from reliable sources. When the soldiers of the Iranian Federal Government last fall captured Tabriz, capital of the Soviet puppet "autonomous" State of Azerbaijan, and chased the Soviet fifth columnists across the Russian border, they found an arsenal containing several thousand Colt revolvers. The American observers who followed the Iranian troops inspected these weapons closely, took down the numbers

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and queried Washington as to their origin. They received an answer stating that the United States delivered these particular revolvers to Russia in 1943, on lend-lease.

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One of the aspects -- little noticed, but eminently worthy of notice -- of the new Truman foreign policy is the fact that the often vocal elder statesman, Mr. Bernard Baruch, has not given public voice to his opinions on the subject. The indefatigable Genro usually forms rather definite opinions about such major matters; and, whether his ideas are solicited or not, he manages to find some way to convey them to the public, if he so wishes. Apparently he has either not reached any definite conclusions as yet, or, if he has, prefers to keep them quiet. That he has been profoundly interested in the subject can be confidently stated as a fact.

Mr. Baruch has been weighing the impact of the new foreign policy on America's domestic economy, according to some who are in a position to hear his off-the-record observations. It is not surprising that he has sought information and taken counsel with a number of key persons. His provisional reaction (and it would be hazardous to assume that the reaction has solidified into a permanent position) is reportedly pessimistic, and decidedly so. Mr. Baruch is said to entertain grave doubts that the American economy is big and strong enough to take care of domestic needs and at the same time bolster all the economies of countries threatened by the Communist menace. For this shrewd figure is hardly likely to believe that the policy stops with Greece and Turkey. Obviously, if the policy is to be effective and to last any considerable time, it must have a truly global scope.

It is not known exactly where Baruch has obtained the facts supporting this provisional conclusion. But it comes to this column from authoritative sources that Secretary of War Patterson has begun to doubt that the American steel plant has a capacity commensurate with the expected demands arising from the Truman policy. Few, least of all Mr. Baruch, can ignore the picture of our shrinking natural resources.

Up to now, Mr. Baruch has not accepted an invitation to state his views before a Congressional committee. But he is reportedly watching to see if any top official would provide a clarifying answer to the burning question: Are the applications for aid to Greece and Turkey only the beginning of a vast world-wide program, or will the Government limit this program to what American economy can safely stand? Whether or not the financier, on hearing such an answer, would emerge from his silence, what views he would venture to offer, and what role, if any, he would modestly accept in the ensuing program -- these are questions even more difficult to answer. Considering the complexity and unpredictability of Mr. Baruch's personality, few would risk a guess.

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Corruption in the Soviet Union and its satellites is a development commanding the attention of observers. Peculation and bribery were noted in the bureaucracy in Russia after the German invasion started, and grew in magnitude as the war lasted. Corruption is today more noticeable than ever. As the Russians took over eastern and southeastern Europe, their officials began to show themselves very "reasonable" to local people who had plenty of money. Today, bribe-taking Soviet officials in those areas are a commonplace. The most recent and sensational report on this subject comes from Paris where Soviet citizens described as "anti-Communist" have arrived from Russia. These individuals claim that they obtained passports and exit visas by bribing NKVD officials. Now, if the hitherto irreproachable secret political police, composed of presumably the most reliable Communist Party members in the Soviet Union, has commenced to suffer from the disease, Soviet leaders are indeed confronted with an unprecedented and serious situation.

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This development, however, by no means augurs a breakdown in the Soviet Government. Observers recently returned from Russia warn that speculation about division in the Politburo and crumbling of Stalin's power is simply speculation; that few Soviet citizens and no foreigner could possibly receive any reliable information about such subjects. Corruption, not to mention the evident economic troubles, is indeed an important factor which should not be overlooked. But reliable observers shrink from drawing any conclusions as to the stability of the Government. In the present state of feeling about Russia, such conclusions may be the products of "wishful thinking."

* * * * *

Talk of foreign loans may be exaggerated, but it is in the air. As if to stimulate it, comes the voice of Sr. Victor Raul Haya de la Torre of Peru, perhaps the most interesting figure in Latin America with the exception of Peron. Haya de la Torre was long leader of the APRA party which, revamped and renamed "The People's Party," last year came to power in Peru. An independent of the non-Communist Left, with unorthodox ideas, the Peruvian leader spoke out in New York on March 7, but seeemed to be addressing Wall Street rather than Union Square. He expressed the hope that an "economic congress," scheduled under a new proposed constitution, would give "foreign capital legal rights that it does not have under the present government." Foreign capital, he continued, "is an important factor in our economic life -- perhaps the most important, but at present it has only duties, no rights."

Therefore, this independent political leader proposes a feature which would have brought thunder from the Left a few years ago. "Since the Peruvian constitution permits foreigners to hold office in municipalities," he asked, "why not permit them to be elected to the economic congress? They certainly belong to the economic life of the country." If Sr. Haya de la Torre in any way reflects Leftist thinking in Latin America and if his words mean anything, one might conclude that the political cycle south of the border has come full circle with a vengeance.

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The paragraphs on demonetization of the debt in this column on March 19 have attracted much favorable notice among readers, but a few write in to ask that our "financial expert" state in more detail how he would accomplish this process. Accordingly, we print his reply: "The principal trouble with our huge debt is not so much its unprecedented amount as the fact that a too considerable proportion remains in the hands of the commercial banks. It thereby promotes expansion of credit, with obvious inflationary effects. Owing to the low yield of the debt, as well as to the nature of their business, the commercial banks cannot treat these holdings as permanent investments. Moreover, in case of need, they dump these Government securities on the open market which is sustained by the Federal Reserve system. The Federal Reserve, in turn, must be prepared to take up these securities.

"Thus, this part of our debt constitutes a permanent threat. The remedy which I advocate would be to retire as much as possible of the federal debt from commercial banks and to place it with institutions (insurance companies and trusts) and private investors. In the hands of these, the debt would be held 'solidly' on a long-term basis, instead of being dumped. It would therefore be a bulwark against, instead of an invitation to, the forces of inflation. The price we would have to pay for this safeguard would be a higher yield for Government bonds and consequently higher service charges. This step, this reconversion, should be taken now, while our budget is still sustained by a high business activity. I look with anxiety to the day when, under pressure of circumstances, this debt situation might well blow off with highly unpleasant consequences. Such a possibility, of course, is not yet imminent. But it might become so a little later, probably after 1950. -- L.M."

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Notes and Quotes

In *NMG* above, we noted that a Peruvian leader, usually classified as of the Left, shows a surprisingly free play of mind in dealing with economic matters. In this country, among Left Wing intellectuals, there are signs of an attempt to struggle loose from the sort of Gleichschaltung which has regimented so-called liberal thought and writing for many years. Sprouts of independence challenge the fearsome "lines" and dogma which have stunted the growth of the American intelligentsia since--if we must set a date--the early Thirties. An example is a review (in PM, March 30) of The Wallaces of Iowa, by Russell Lord, presumably required reading for the totalitarian liberals. The reviewer, George R. Leighton, takes an attitude--astonishingly negative for Marshall Field's tabloid--toward this attempt to bolster the Henry Wallace myth:

"The flavor of The Wallaces of Iowa is synthetic throughout . . . the author writes with such elaborate superficiality as to convince the reader that the truth cannot be told lest the hero suffer. Surely true righteousness is made of sterner stuff than that. . . . The further one reads in this book the more shadowy and insubstantial Wallace becomes until, in the end, one is left with the conviction that Wallace is not a prime mover at all but rather a rhetorician who, for 14 years, has been manipulated by a succession of ambitious politicians."

Similar indications are appearing among intellectuals in Britain. When we visited England in the summer of 1942, we were appalled by the un-realism of Leftist promises. Sir Ernest Benn, a Conservative, was pointing out the calamitous state of the country's international balance of payments and was predicting "blood, sweat and tears" for the post-war period. When we took this picture to various Left Wing figures, they retreated from the economic facts into a cloud of oratory about "a new and better post-war world," under a Socialist government. Today, as in America, British intellectuals are beginning to see what "Individualist" Sir Ernest was talking about. Mr. J. Middleton Murry, Christian Socialist, has not abjured his Socialism, but he now perceives the flimsiness of some Socialist plans and promises. Referring to the recent industrial paralysis, he says (Peace News, February 14):

"It is no use saying it is not the fault of the Labour government . . . though it is true that most of the causes of the economic crisis lie far back at the beginning of the war, the fact remains that for eighteen months the Labour government has been fiddling while Rome has been burning. It has encouraged economic illusionism. . . . It would be quite superficial to imagine that when the cold weather breaks the crisis will be over. It will go on and on, unless something quite drastic is done to stop the process of deterioration which will otherwise be cumulative. . . . More and more, I think, the sheer necessities of the situation from now onward will work towards the formation of a new 'national' government, to contend with the peace-crisis which is, in reality, much more radical than the war-crisis. It will have to be, in essentials, a Socialist government; but it will have to be a government determined to break through the popular illusions about Socialism --above all, the illusion that it means an easier time for everybody."

The de profundis of intellectuals caught in the toils of the Soviet network is well rendered in one chapter, "Motives of the Betrayers," of a new booklet, The Soviet Spies: The Story of Russian Espionage in North America, by Richard Hirsch. (Duell, Sloan and Pierce. $1.00.) This is a good popularized version of the Canadian spy cases and is faithfully based on the findings of the Canadian Royal Commission of Inquiry.

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